Government of
Saskatchewan

Annual Report

1987-88

Saskatchewan Liquor Board

Saskatchewan
Liquor Board
Annual Report
1987-88

The Honourable Sylvia Fedoruk,
Lieutenant Governor of the
Province of Saskatchewan.

Dear Madam:

I have the honour to hereby transmit the annual report of the Saskatchewan Liquor Board for the year ending March 31, 1988.

Yours sincerely,

Graham Taylor

Graham Taylor,
Minister in Charge,
Saskatchewan Liquor Board.

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Regina, Saskatchewan

The Honourable Graham Taylor,
Minister in Charge,
Saskatchewan Liquor Board.

I have the honour to submit pursuant to Section 222 of The Liquor Act the sixty-third annual report for the fiscal year ending March 31, 1988.

Respectfully submitted,

Ted Urness
Chairman.

About the Chairman . . .

H. E. (Ted) Urness was appointed Chairman of the Liquor Board on May 1, 1987, succeeding Martin Pederson. Mr. Pederson retired after serving four years as Chairman.

Ted Urness was born and raised in Regina, graduating from Scott Collegiate in 1955. He then left Regina to attend the University of Arizona in Tucson, where he received a Bachelor of Science degree in Business and Public Administration.

Mr. Urness played football throughout high school and college and, in 1961, he returned to Regina to join the Saskatchewan Roughriders. Mr. Urness played Center on the team from 1961-1970 and was named All-Canadian for six of those years.

In 1971, Mr. Urness founded Hilltop Ford Equipment Sales Ltd. in Saskatoon and is still involved in the farm and industrial equipment business.

Mr. Urness has served as a Director of SaskTel and SaskTel International. He is a Director of the new Investment Corporation of Saskatchewan, a member of the Executive Committee of the Saskatchewan Roughrider Football Club and a member of the Ford Tractor Dealer Council.

Report from the Chairman and Acting General Manager

As a result of General Manager, David Bock taking indefinite sick leave, in July, 1987, I assumed the position of Acting General Manager in addition to my duties as Chairman of the Liquor Board.

The most significant event of the 1987/88 fiscal year was the introduction by the Honourable Graham Taylor of Bill 90, *The Alcohol Control Act*, in the Legislative Assembly. The new act combines and replaces *The Liquor Act, 1925* and *The Liquor Licensing Act, 1959*. Bill 90 received first reading on November 4, 1987, however, the session ended before the legislation could proceed further. We look forward to seeing the new act passed during the next session of the Legislative Assembly.

During the year, total sales through Liquor Board stores and to liquor vendors and licensees increased 2.4% to $310 million, despite a decrease in sales volume. Gross profit likewise increased by 3.0% to $143.2 million. Operating expenses decreased slightly due to effective management of labour resources. As a result, we are pleased to report a 3.9% increase in net income to $123.1 million for the year ending March 31, 1988.

The long term trend toward lower alcohol consumption continued this year with a drop of 2.4% in sales volume of absolute alcohol. In addition, consumers exhibited a growing preference for lower alcohol-by-volume products, principally coolers.

Specifically, sales of wine-based cooler products increased by 40% and spirit-based coolers jumped 61%. The only other significant growth area was in flavoured schnapps products.

Overall, however, sales volume in spirits dropped 3.0%, wine decreased 5.0%, and beer dropped 2.2%.

In 1988/89, the Liquor Board will endeavour to work with suppliers to control price increases to our customers. We will also continue to explore ways of decreasing operating and other expenses.

On January 15, 1988, the Department of Public Participation was created, with the Honourable Graham Taylor appointed as Minister. The mandate of the new department is to examine all provincial government operations for opportunities for participation by the public and employees in delivery of services, ownership or investment.

Historically, the Saskatchewan Liquor Board has incorporated a mixed system of public and private sector delivery in retail sales. The Board operates 86 stores, two of which sell to licensees only. Since 1965, the government has licensed private businesses in rural areas to act as agents for the Board in the sale of beverage alcohol. The current number of 160 agents or special liquor vendors is the maximum allowed by existing legislation.

Since 1935, hotel beverage rooms have been allowed to sell packaged beer for consumption off the premises. On April 1, 1987, the government extended the off-sale privileges of approximately 500 hotels to include the sale of wine and coolers under 13% alcohol by volume.

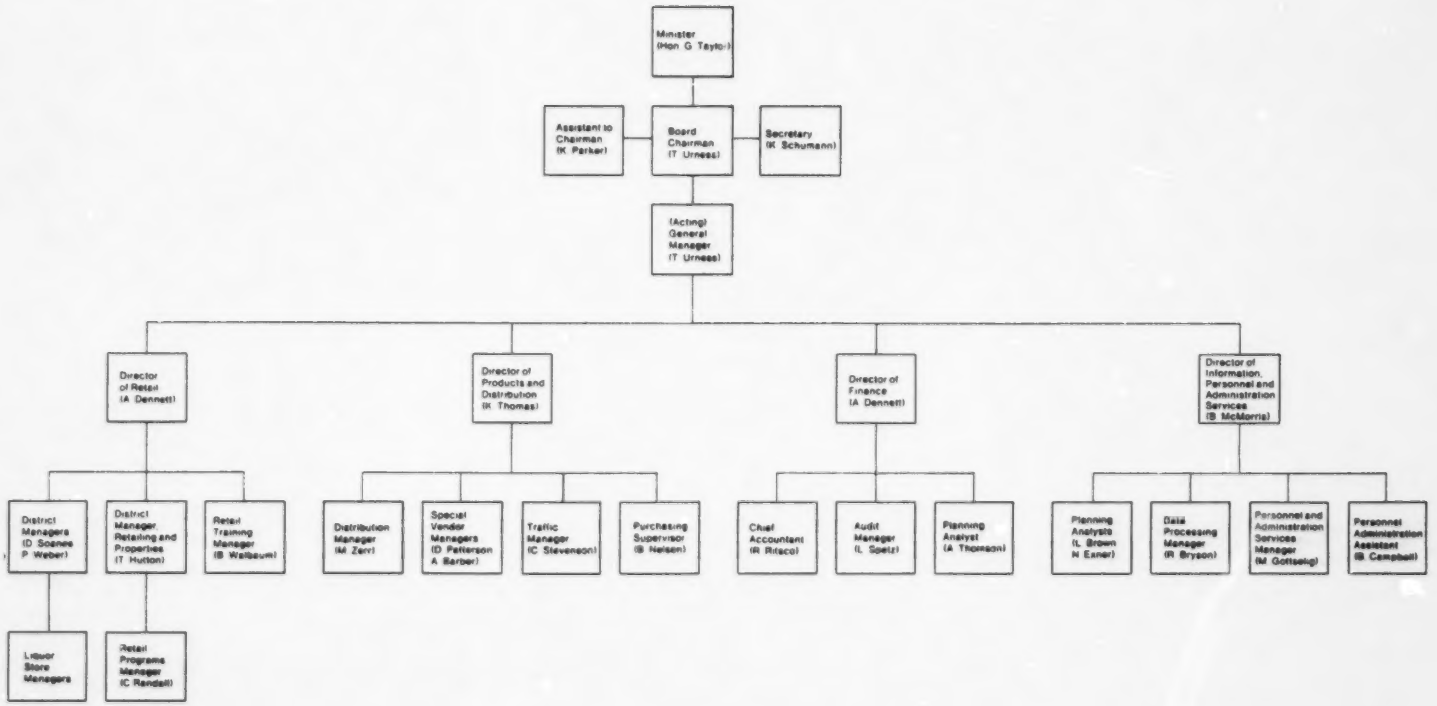
As part of the government's public participation initiative, the Liquor Board will be reviewed for further opportunities for public participation in its operations.

With the changing consumption patterns, public participation review, and the advent of new legislation, the Saskatchewan Liquor Board is undergoing a period of change which presents many challenges for Liquor Board employees. I would like to thank all employees for their service and their help during my first year as Chairman.

In 1988/89, the Board will continue its commitment to provide high quality service and selection to its customers. At the same time, we are conscious of our responsibility to the people of Saskatchewan to operate in an efficient and socially-responsible manner.

Saskatchewan Liquor Board

Organizational Chart as at
March 31, 1988



Operations

Retail Operations

As of March 31, 1988, the Board was operating 160 special vendor agencies and 86 liquor stores. Two of these stores, located in Regina and Saskatoon, cater exclusively to the licensee trade.

There are also two full-line specialty stores, the South Albert Street Store in Regina and the 2nd Avenue North Store in Saskatoon. Many of the specialty items are available in other stores as demand warrants.

The main thrust has been to improve our management of human resources and inventory. We believe we are close to optimizing our usage of human resources without significantly sacrificing customer service. Inventory levels and turnover have been improved, however we feel there is still further improvements needed in this area.

With respect to the Board's agency stores, of the 160 Special Vendors operating in the province, 129 or 81% employ a self-service format leaving only 31 utilizing the traditional counter-service mode.

Products and Distribution

Spirits, wine and imported beer are distributed to liquor stores and special liquor vendors from a central bonded warehouse located in Regina. Domestic beer is distributed for the Board by the Saskatchewan Brewers Association.

The central warehouse facility underwent a number of physical and operational modifications again this year designed to further enhance efficiency and the level of service to the 86 liquor stores and 160 special vendor agencies it serves.

At year end, the Board had 1,147 general and 425 specialty listings, made available to the Board by a large contingent of Canadian and foreign suppliers. Specialty listings, with an emphasis on wine, are intended to provide the general public with a more varied selection of products. A full-line display of specialty products is offered by the South Albert Street store in Regina and the 2nd Avenue North Store in Saskatoon. Any product from the Board's global list is available to the general public and licensees upon request through Board stores and Special Liquor Vendors.

The trend toward moderation by the consuming public continued this past year. An analysis of general sales trends shows a significant downward slide in spirit sales volume, offset to some extent by a growing consumer demand for lower alcohol-by-volume products, principally wine-based coolers.

Total wine sales, excluding wine-based coolers, fell this past year due to the on-going effect of foreign exchange rates on traditionally high-volume German and Italian wines. However, price advantage did provide for enhanced market penetration by domestic wines and those from a number of foreign sources, namely the United States, South America and Eastern Europe. Consumers continued to show a marked preference for white wines with red wine volume continuing to decline.

Within the spirit market, all major categories experienced decline with the exception of rum and vodka, up 1% and 2% respectively. And while the liqueur category showed a decrease in sales volume, flavoured schnapps products, particularly peach schnapps, performed very well and are expected to maintain their position as market leaders in the year to come.

Again, wine-based cooler products show a dramatic increase in sales volume, up 42% and now representing 15% of the total wine market. Similarly, spirit-based coolers performed very well during the year, up 52% and representing 5% of the total spirit market.

Beer sales volume was down 2.2%, an extension of the 3% decrease realized the previous year. The growth in popularity of the wine and spirit-based coolers is deemed to be a contributing factor. Light beer volume, as a percentage of total beer volume, fell slightly to 27% compared to the 28% share enjoyed in 1986/87.

From a marketing perspective, the use of Polyethlene Terephthalate or P.E.T. containers by the industry as a substitution for glass became even more apparent during the year, as did the impact of the 1750 ml packaging format on the spirit market, especially in the Canadian Whisky and Vodka product categories.

In 1988/89, no significant deviation from the trends noted is anticipated with one possible exception. The planned re-introduction of canned beer into the province may serve to reverse the downward slide evident in the domestic beer market in recent years.

Financial Operations

Sales were up 2.4% to $310 million despite a decline in volume sales. The increase in value of sales was primarily due to the following price increases:

Increase of Federal Sales Tax on alcoholic beverages from 15% to 18% on January 1, 1988.

Increase in Liquor Board markup rates on spirits and wine on August 17, 1987.

Various supplier price increases.

Gross profit likewise increased by 3.0% to $143.2 million. Operating costs increased a very modest 0.3%; in fact total labour costs decreased by 1% due to better management of labour resources. This resulted in a 3.9% increase in net income to $123.1 million.

Personnel

The breakdown of the number of staff as of March 31, 1988 was:

	Permanent	Part-time
General Administration	6	–
Products and Distribution	23	4
Information Systems		
Personnel and Admin. Services	24	8
Finance	23	5
Retail Operations	203	250
	279	*267

* equivalent to 140 person years.

Our collective agreement expired March 26, 1988.

Permits Issued

	1983/84	1984/85	1985/86	1986/87	1987/88
Brewers Permits	3	3	3	3	3
Brewers Hospitality Suite Permits	4	4	4	4	3
Distillers Permits	1	1	1	1	1
Permits to Druggists, Physicians, etc.:					
— Druggists' sale and compounding permits	8	10	13	8	8
— Physicians' professional use	11	3	3	6	6
— Manufacturing and Scientific purposes	29	30	28	36	38
Permits to persons engaged in business of selling church supplies					
— sacramental wine	2	2	2	3	3
Permits issued:					
Individual and Organization — Non sale of liquor	12,694	12,490	12,496	12,268	11,897
Organization — sale of liquor	18,217	18,112	18,113	18,232	17,933
Community Event	332	438	480	473	481
	31,301	31,093	31,143	31,034	30,373

Special Liquor Vendor Outlets as at March 31, 1988

Abbey
Admiral
Allan
Alsask
Alvena
Arborfield
Arcola
Avonlea

Balcarres
Balgonie
Beechy
Bengough
Big River
Birch Hills
Bjorkdale
Blaine Lake
Bruno
Buchanan
Burstall

Cabri
Candle Lake
Carnduff
Central Butte
Ceylon
Chaplin
Choiceland
Churchbridge
Climax
Cochin
Coleville
Colonsay
Consul
Coronach
Craik
Crane Valley
Cudworth
Cupar
Cut Knife

Debden
Delisle
Dinsmore
Dodsland
Domremy
Dorintosh
Duck Lake
Dundurn

Eastend
Eatonia
Edam
Elbow
Elrose
Emma Lake

Fillmore
Fox Valley

Gainsborough
Glaslyn
Glenavon
Golden Prairie
Goodeve
Goodsoil
Govan
Grayson
Grenfell

Hanley
Harris
Hodgeville
Holdfast

Imperial
Invermay

Kelliher
Kenaston
Kenosee Lake
Kinistino
Kinley
Kyle

Lafleche
Lake Lenore
Lampman
Landis
Langham
Lashburn
Leask
Lemberg
Leoville
Leroy
Loon Lake
Lucky Lake
Lumsden
Luseland

Macklin
MacNutt
Maidstone
Mankota
Marsden
Maryfield
Mayfair
Midale
Middle Lake
Milden
Milestone
Minton
Mistatim
Montmartre
Moose Jaw C.F.B.
Morse
Mossbank

Naicam
Neudorf
Nokomis
Norquay

Ogema
Oxbow

Paddockwood
Pelly
Pense
Pierceland
Porcupine Plain

Quill Lake

Rabbit Lake
Radisson
Redvers
Regina Beach
Rhein
Riverhurst
Rocanville
Rockglen
Rose Valley
Rouleau

St. Brieux
Saltcoats
Sedley
Shell Lake
Simpson
Southey
Spiritwood
Spy Hill
Star City
Stockholm
Strasbourg
Sturgis

Theodore
Togo
Torquay
Tramping Lake
Turtleford

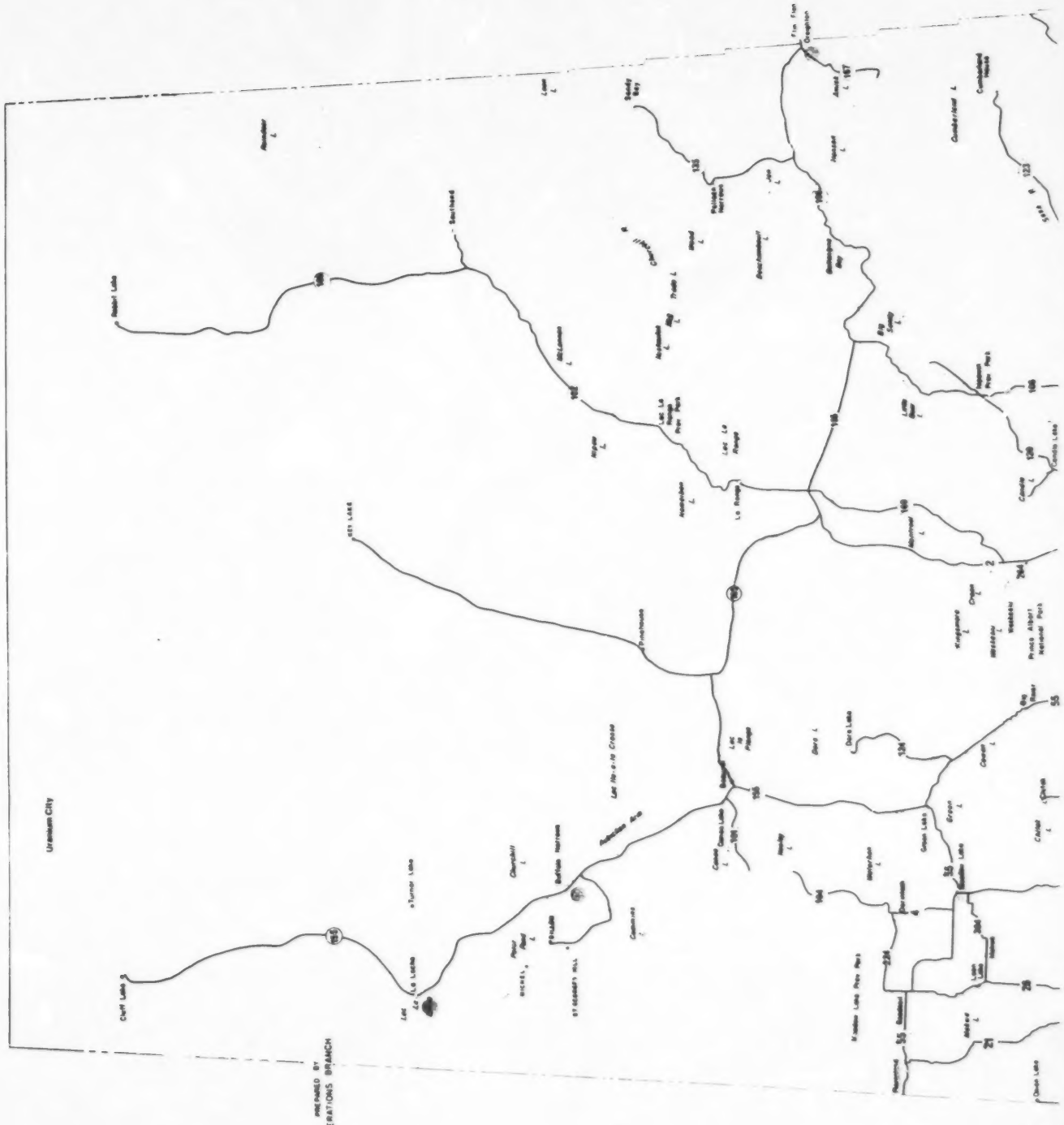
Val Marie
Vanguard
Vibank
Viscount
Vonda

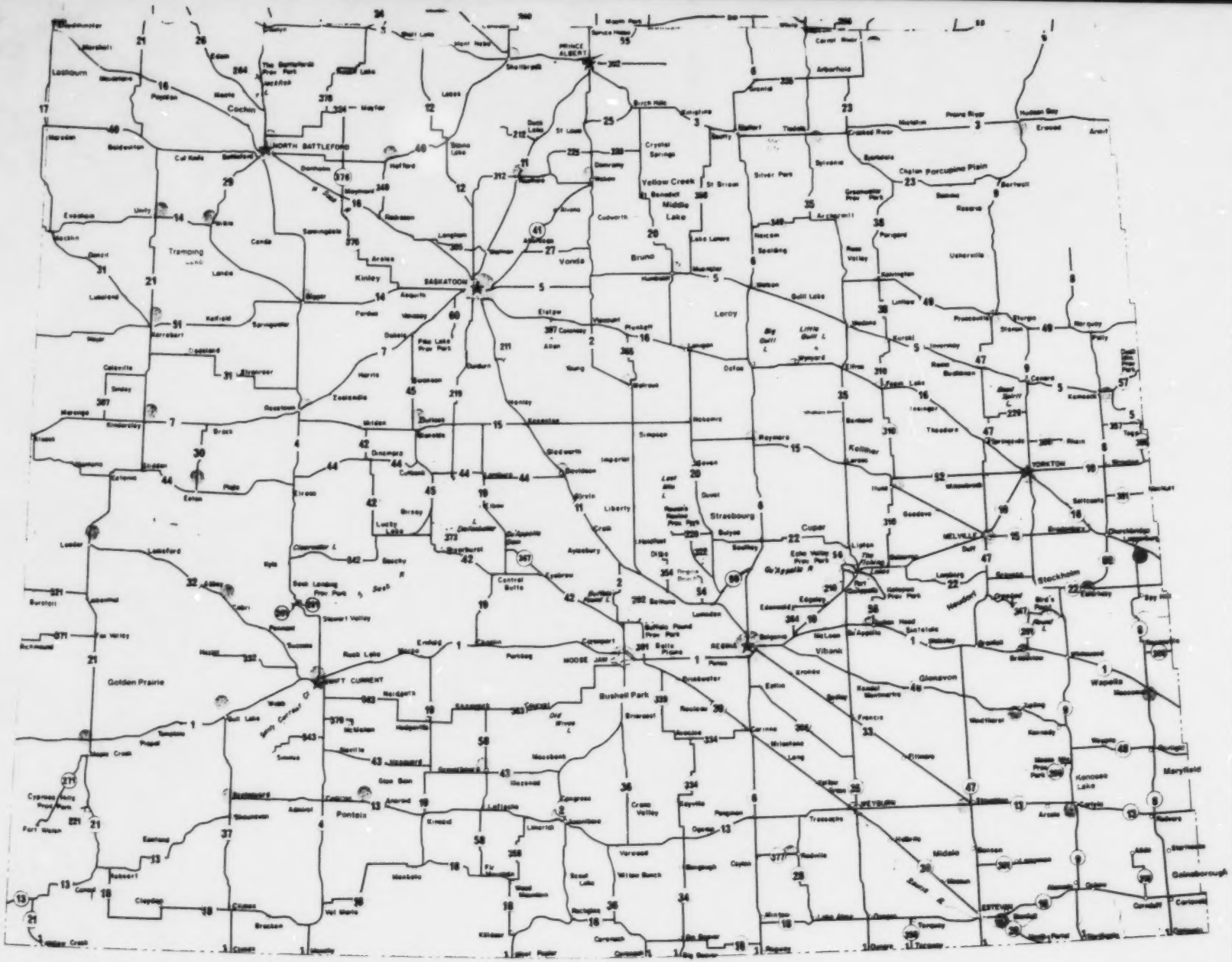
Wapella
Wawota
Weirdale
Whitewood
Willow Bunch
Wishart
Wolseley
Wroxton

Yellow Creek
Young

Total Number = 160

Map

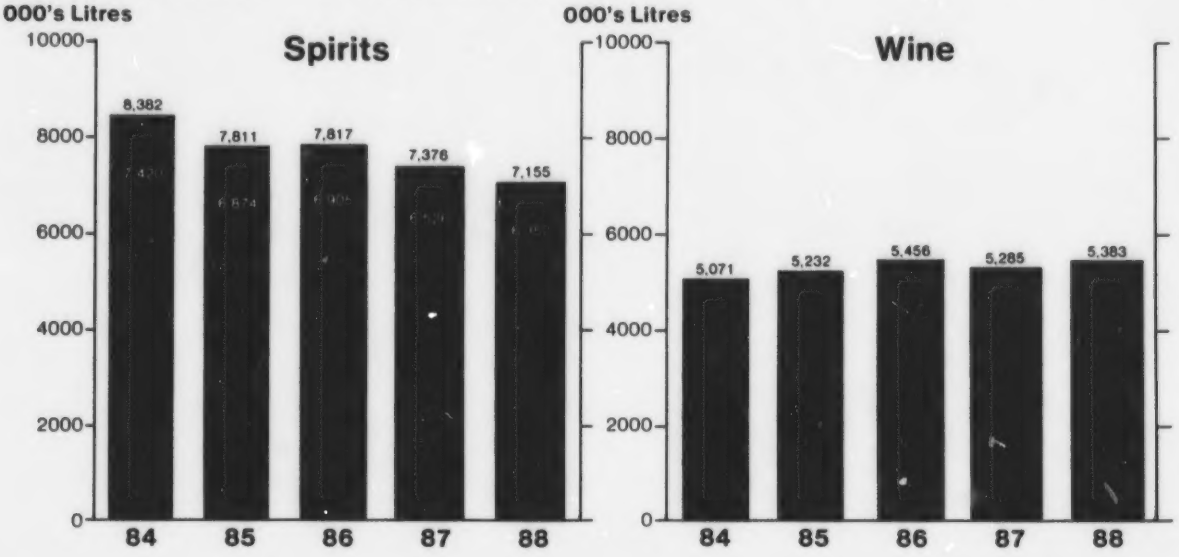




● **Liquor Board Stores**

Special Liquor Vendors

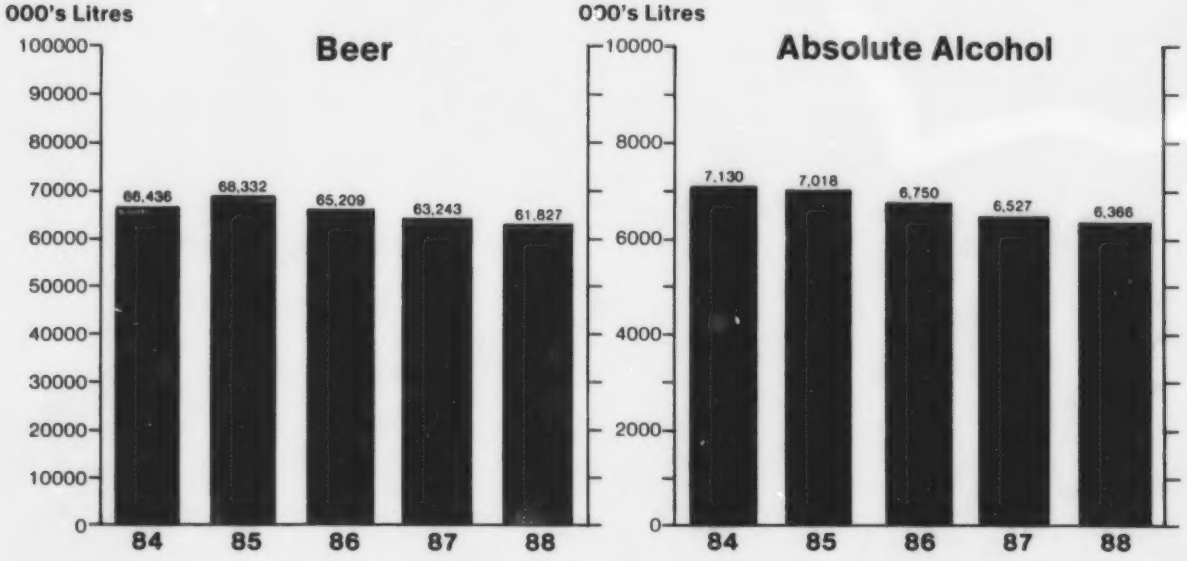
Volume of Sales — 5 Year History



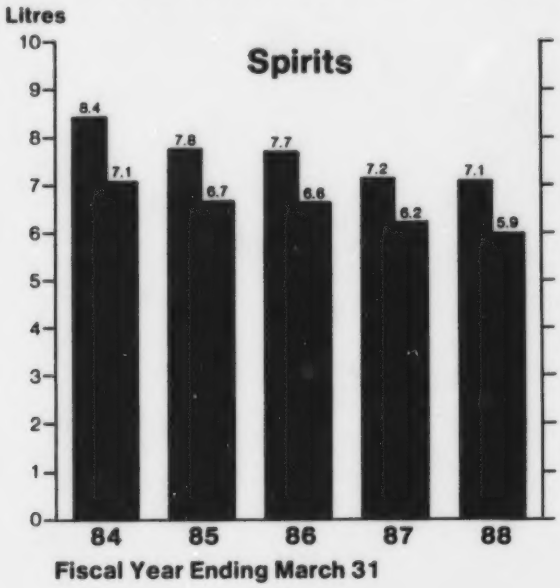
Wine includes wine and spirit coolers which are less than 6.5% alcohol by volume.

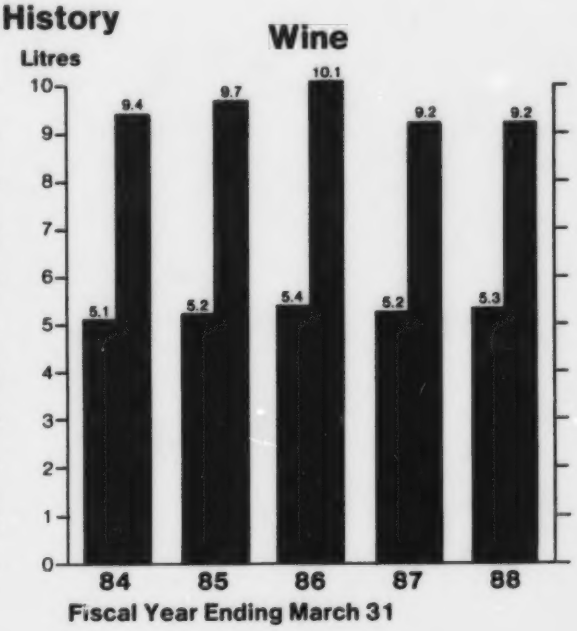
Imported

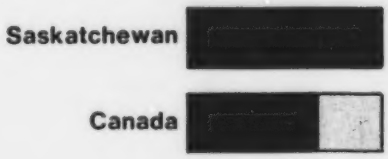
Canadian



Per Capita Consumption — 5 Year History

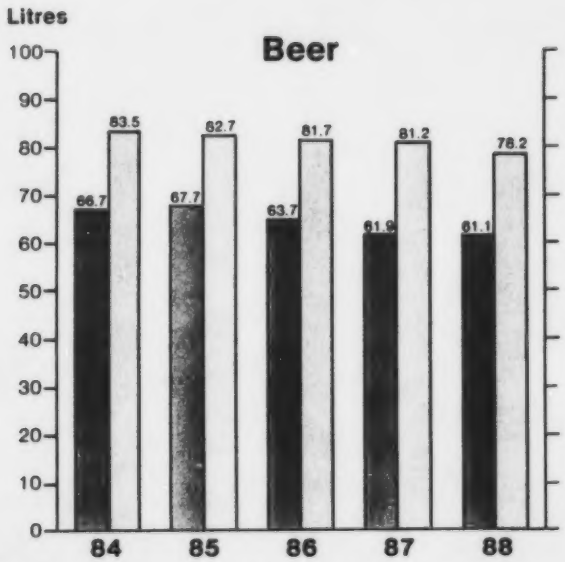


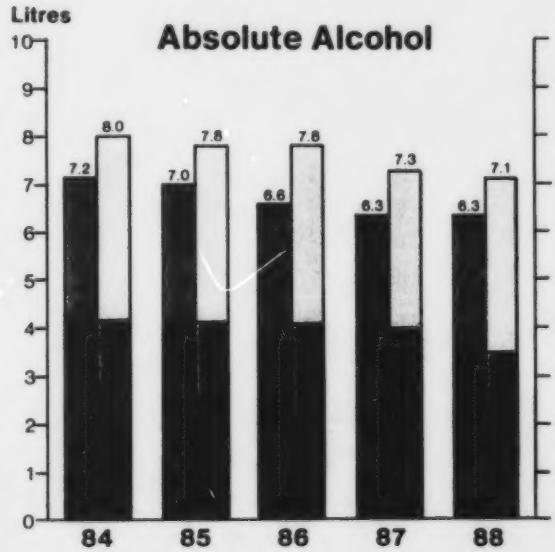




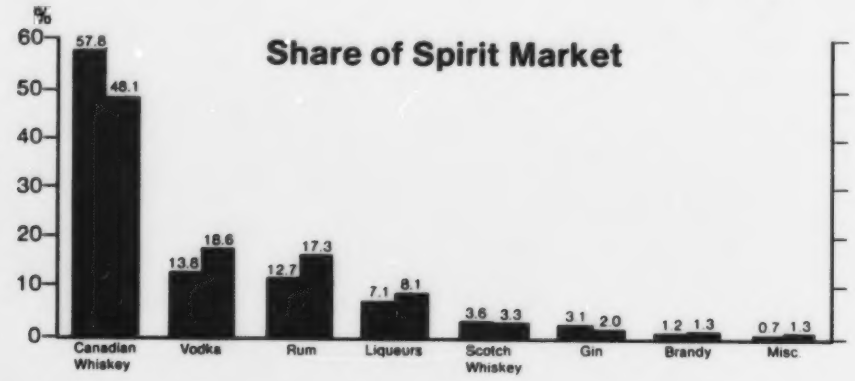
NOTES: These are actually per capita sales figures. True consumption figures are unobtainable.

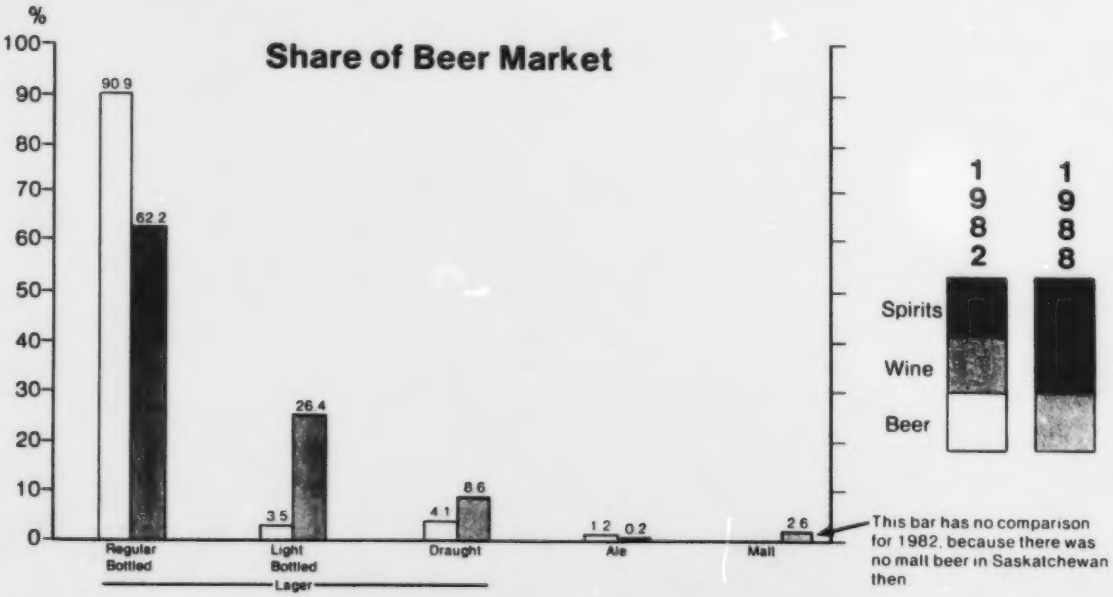
The weighted average alcohol content was used to convert spirits, wine and beer to absolute alcohol.



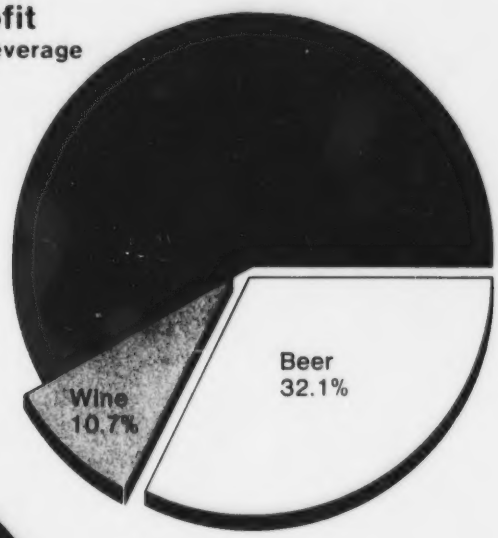


Sales Trends

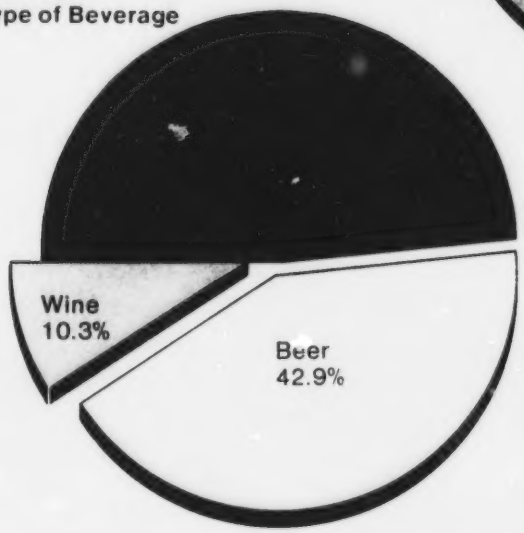




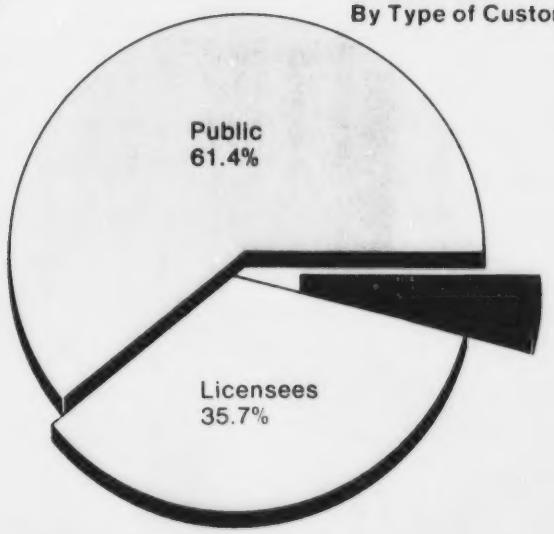
Gross Profit
By Type of Beverage



Revenue
By Type of Beverage

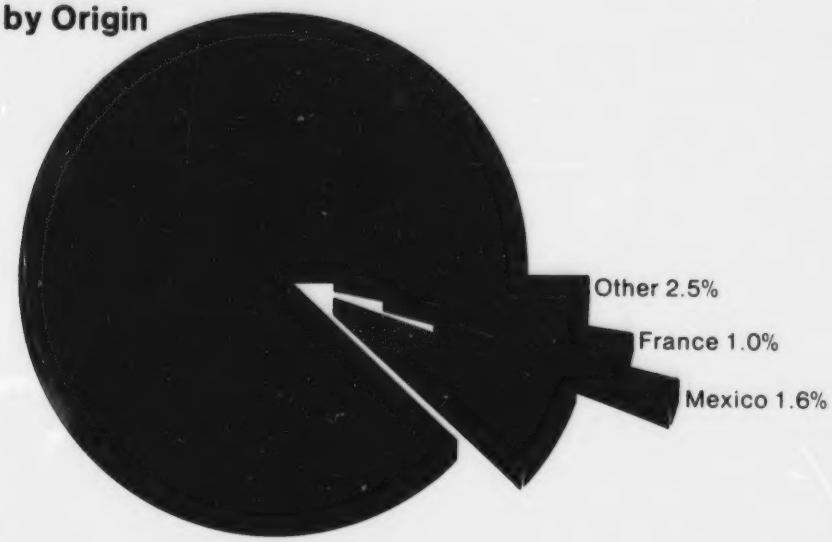


Revenue
By Type of Customer

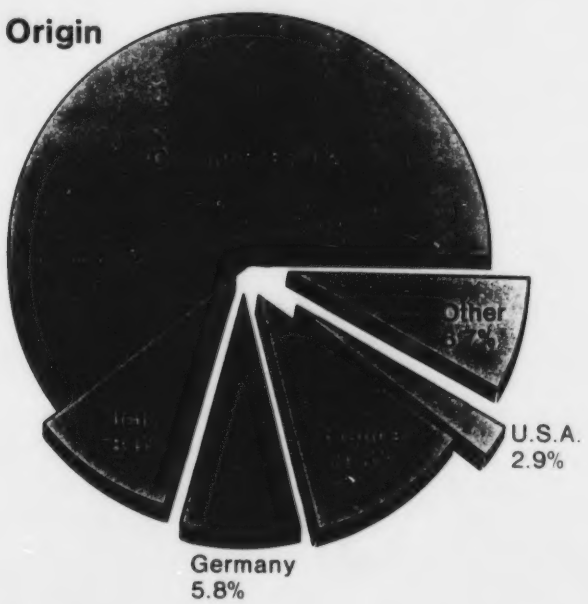


Volume of Sales

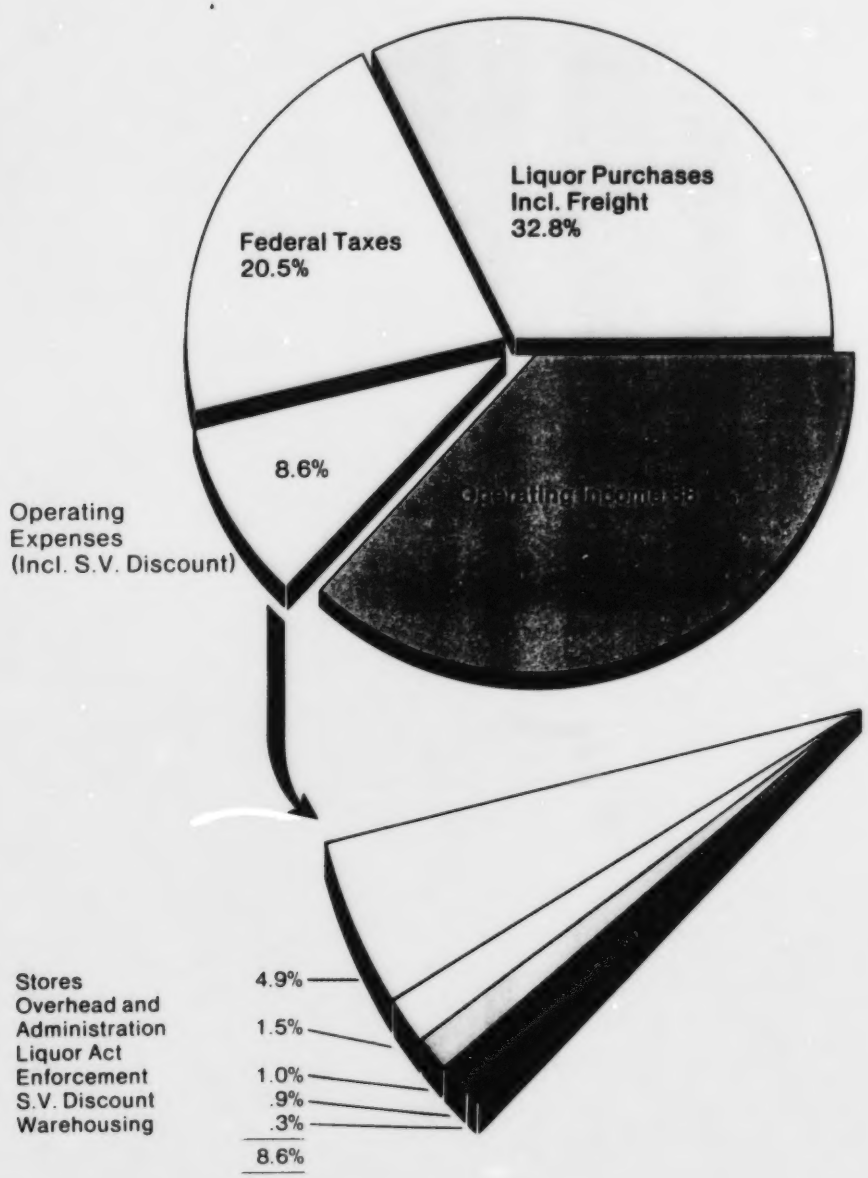
Spirits by Origin



Wine by Origin



Application of Revenue



Schedule of Sales by Liquor Stores

for the year ended March 31, 1988

Location	Store Number	Wines & Spirits	Beer	Total
Assiniboia	519	$ 1,059,285	$ 342,980	$ 1,402,265
Battleford	522	991,372	384,926	1,376,298
Biggar	525	695,022	214,354	909,376
Broadview	586	312,540	140,827	453,367
Buffalo Narrows	606	418,800	479,829	898,629
Canora	536	1,007,649	214,401	1,222,050
Carlyle	554	672,789	241,595	914,384
Carrot River	601	402,062	198,566	600,628
Creighton	542	1,140,467	167,417	1,307,884
Davidson	555	433,451	167,259	600,710
Esterhazy	556	895,966	348,739	1,244,705
Estevan	520	2,182,974	479,511	2,662,485
Eston	602	325,334	84,372	409,706
Foam Lake	597	624,630	168,140	792,770
Fort Qu'Appelle	553	1,213,640	394,029	1,607,669
Gravelbourg	518	519,381	191,491	710,872
Gull Lake	516	385,942	106,090	492,032
Hafford	595	289,954	78,543	368,497
Hudson Bay	545	794,265	246,638	1,040,903
Humboldt	515	1,589,788	621,404	2,211,192
Indian Head	543	589,345	227,634	816,979
Ituna	531	457,593	98,231	555,824
Kamsack	512	902,816	242,308	1,145,124
Kelvington	541	539,388	132,231	671,619
Kerrobert	537	401,176	140,375	541,551
Kindersley	523	1,407,541	441,074	1,848,615
Kipling	528	418,682	146,874	565,556
La Loche	567	376,664	517,102	893,766
La Ronge	588	1,708,913	541,863	2,250,776
Langenburg	563	360,911	144,324	505,235
Lanigan	564	496,952	159,837	656,789
Leader	551	384,240	128,008	512,248
Lloydminster	548	575,046	133,597	708,643
Maple Creek	521	745,373	281,599	1,026,972
Meadow Lake	532	1,443,210	670,665	2,113,875
Melfort	524	1,511,317	493,994	2,005,311
Melville	514	1,419,057	369,380	1,788,437
Moose Jaw:				
100 Fairford St. W.	506	4,609,132	1,444,325	6,053,457
510 4th Ave. S.W.	562	1,395,772	498,100	1,893,872
Total Moose Jaw Stores		6,004,904	1,942,425	7,947,329
Moosomin	547	713,333	276,645	989,978
Nipawin	534	1,438,634	355,194	1,793,828
North Battleford	509	3,101,190	949,126	4,050,316
Outlook	576	547,562	229,315	776,877
Ponteix	579	329,779	113,572	443,351
Preeceville	605	691,353	160,260	851,613
Prince Albert:				
554 17th St. W.	507	3,385,511	945,393	4,330,904
South Hill Shopper's Mall	546	5,055,417	1,998,382	7,053,799
Total Prince Albert Stores		8,440,928	2,943,775	11,384,703

Schedule of Sales by Liquor Stores — continued

for the year ended March 31, 1988

Location	Store Number	Wines & Spirits	Beer	Total
Radville	529	271,017	103,022	374,039
Raymore	568	458,532	123,246	581,778
Regina:				
Park St. & 10th Ave. E.	500	7,149,668	—	7,149,668
Broadway Shopping Centre	501	3,396,266	1,181,998	4,578,264
Normanview Shopping Centre	502	2,899,935	1,307,742	4,207,677
1881 Broad Street	526	2,834,366	869,600	3,703,966
North Albert Street	550	6,953,881	3,502,695	10,456,576
South Albert Street	557	7,658,885	1,971,685	9,630,570
1165 Pasqua Street	560	3,166,219	1,628,189	4,794,408
1702 Park St.	569	3,501,828	1,781,960	5,283,788
188 University Park Drive	575	1,670,899	650,528	2,321,427
Total Regina Stores		39,231,947	12,894,397	52,126,344
Rosetown	544	923,680	344,823	1,268,503
Rosthern	513	443,048	202,488	645,536
Saskatoon				
401 20th St. W.	503	1,600,674	969,261	2,569,935
1935 1st Ave. N.	504	6,955,867	—	6,955,867
2325 Preston Ave.	559	5,474,032	1,875,214	7,349,246
124 3rd Ave. N.	565	4,094,931	978,203	5,073,134
1701 Idylwyld N.	566	2,652,577	1,166,590	3,819,167
134 Primrose Dr.	570	4,125,708	1,558,577	5,684,285
Confederation Plaza	571	5,955,293	3,046,325	9,001,618
Sutherland	572	1,864,069	939,084	2,803,153
Grosvenor Park	573	4,113,367	1,372,070	5,485,437
14-2605 Broadway Avenue	574	1,135,846	452,869	1,588,715
Total Saskatoon Stores		37,972,364	12,358,193	50,330,557
Shaunavon	517	664,189	197,290	861,479
Shellbrook	600	497,413	238,548	735,961
St. Walburg	539	339,263	166,298	505,561
Stoughton	604	276,441	76,542	352,983
Swift Current	510	3,105,156	1,188,464	4,293,620
Tisdale	538	1,121,150	467,768	1,588,918
Unity	599	686,393	241,878	928,271
Wadena	558	739,034	190,112	929,146
Wakaw	540	369,846	168,952	538,798
Waskesiu (summer only)	533	290,250	138,622	428,872
Watrous	530	675,068	221,309	896,377
Watson	549	439,330	175,444	614,774
Weyburn	511	2,167,283	733,805	2,901,088
Wilkie	527	445,490	171,092	616,582
Wynyard	535	706,811	202,154	908,965
Yorkton	508	3,881,729	1,024,193	4,905,922
Spec. Ord.		818,764	1,797	820,561
Less: Drug Discounts		−365		−365
Total		$147,485,051	$48,740,956	$196,226,007

Schedule of Purchases

Wines and Spirits Purchased

for the Year Ended March 31, 1988

Purchased from	Address	$
Canada		
Alberta Distillers Limited	Vancouver, British Columbia	1,165,906
Andres Wines (Alberta) Limited	Calgary, Alberta	792,945
Andres Wines (Ontario)	Winona, Ontario	322
Ascona Agents	Vancouver, British Columbia	3,672
Baker, Jack, Distillers Ltd.	Toronto, Ontario	7,956
Barnes Wines Limited	St. Catharines, Ontario	140,156
Bright, T. G. & Company Limited	Niagara Falls, Ontario	1,189,741
Brights Wines Limited	Niagara Falls, Ontario	185
Calona Wines Limited	Kelowna, British Columbia	1,853,863
Casabello Wines Limited	Penticton, British Columbia	148,979
Chateau Des Charmers Wines	St. David's, Ontario	665
Chateau-Gai Wines	Calgary, Alberta	825,772
Chateau-Gai Wines Limited	Niagara Falls, Ontario	116,239
Corby Distillers Limited	Corbyville, Ontario	3,481,337
Culotta Wines Ltd.	Oakville, Ontario	2,332
De Kuyper, John & Son	Montreal, Quebec	28,396
Demonty & Robinson Agency	Vancouver, British Columbia	2,122
F. B. M. Distillery Co. Ltd.	Brampton, Ontario	1,524,932
Featherstone & Co. Limited	Vancouver, British Columbia	2,025
Gibson Canada Inc.	Montreal, Quebec	217,964
Gilbey Canada Inc.	Toronto, Ontario	2,624,074
Gilbey Canada (Cinzano)	Toronto, Ontario	5,475
Gilbey Can Sempe Armagnac	Toronto, Ontario	5,944
Haida Trading Inc.	New Westminster, British Columbia	16,212
Hanschell Inniss Ltd.	St. John's, Newfoundland	10,088
Helias Import-Export Corp.	Vancouver, British Columbia	340
Hillebrand Estates Winery	Niagara-on-the-Lake, Ontario	907
Hudson's Bay Distillers Ltd.	Toronto, Ontario	8,117
Imperial Wines & Spirits Ltd.	Richmond, British Columbia	4,222
Inniskillin Wines Inc.	Niagara Falls, Ontario	7,062
International Cellars	Vancouver, British Columbia	810
Jordan & Ste. Michelle Cellars	St. Catharines, Ontario	23,023
Les Distilleries Dumont Ltee	Rougemont, Quebec	2,730
Les Vignobles Chanteeler L.	Rougemont, Quebec	7,004
Lewis Brothers Winery	Grande Prairie, Alberta	33,555
London Winery Limited	London, Ontario	116,874
Mara, William, Company	Belleville, Ontario	8,995
Mark Anthony Wine Merchants	Vancouver, British Columbia	32,959
McGuinness Distillers Limited	Toronto, Ontario	1,751,268
Meagher's Distillery Ltd.	Montreal, Quebec	1,152,367
Mission Hill Vineyards, Inc.	Westbank, British Columbia	240,523
Okanagan Cider Co. Ltd., The	Westbank, British Columbia	107,319
Palliser Distillers Limited	Toronto, Ontario	257,353
Park & Tilford Canada Inc.	Montreal, Quebec	86,355
Paul Masson & Co. Limited	Beamsville, Ontario	151,652
Pelee Island Winery	Kingsville, Ontario	1,752
Potter Distillers Ltd.	Langley, British Columbia	259,356
Rieder Distillery Ltd.	Grimsby, Ontario	23,685

Wines and Spirits Purchased — Continued

for the Year Ended March 31, 1988

Purchased from	Address	$
Rumark Rums Canada Ltd.	Toronto, Ontario	49,290
Schenley Canada Inc.	Montreal, Quebec	1,462,025
Seagram Company Ltd., The	Gimli, Manitoba	3,484,626
Societe des Alcools du Quebec	Montreal, Quebec	468
Vineland Estate Wines	Vineland, Ontario	420
Vintage Consultants	Vancouver, British Columbia	25,408
Walker, Hiram & Sons Limited	Walkerville, Ontario	1,933,856
Waterloo Agencies Ltd.	Montreal, Quebec	24,004
		$25,425,627
Australia		
EMU Wine Company	Mile End	24,681
Lindemans Wines Pty. Limited	Lidcombe	27,711
Mildara Wines Limited	Victoria	1,726
Penfolds Wines Pty. Limited	Magill	10,254
Seppelt, B. & Sons Limited	Adelaide	72,950
		$137,322
Austria		
H.C. Konig Ges M.B.H.	Salzburg	896
Klosterkeller Siegendorf	Burgenland	159
Moser, Lenz GmBH	Krems	15,621
Schloss Drassburg	Siegendorf	2,945
Steirische Brauindustrie	Reininghausstrabe	11,509
		$31,130
Chile		
Vina Concha Y Toro S.A.	Santiago	1,312
Vina Tocornal	Santiago	6,304
Vinicola Miquel Torres LTDA	Curico	4,305
		$11,921
Denmark		
Danisco	Glostrup	690
Danish Distillers	Copenhagen	1,878
Jacobsen, J.J. Co. Ltd. A/S	Odense	8,269
Peter F. Heering	Copenhagen	841
Svendborg Vinkompagni A.M.B.A.	Copenhagen	4,731
		$16,409
England		
Berry Bros. & Rudd Limited	London	15,177
Burrough, James Limited	London	36,177
Catto, James & Company Limited	London	39,461
Croft. Jerez SA	London	5,226
Findlater, Mackie, Todd & Co.	London	2,025
Harvey, John & Sons Limited	Bristol	36,342
James Buchanan & Company Limited	London	19,173
Justerini & Brooks Limited	London	55,890
Neelwell	Devon	11,820

Wines and Spirits Purchased — Continued

for the Year Ended March 31, 1988

Purchased from	Address	$
Tanqueray, Charles & Co. Limited	London	11,255
Tia Maria Ltd.	West Sussex	88,398
United Rum Merchants Ltd.	West Sussex	237,348
Walker, John & Sons Limited	London	121,180
		$679,472
France		
A. Moueix & Fils	Cedex	7,436
Barriere, A & R Freres	Bordeaux	2,119
Barton & Guestier	Bordeaux	118,155
Benedictine	Paris	10,208
Bergerie, La	Pauillac	58,968
Borie-Manoux	Bordeaux	11,117
Bouchard Aine & Fils	Cedex	114,528
Bouchard, Paul & Cie	Cote D'or	3,802
Calvados Boulard	Yvetot	813
Calvet, J. & Cie	Cedex	9,038
Chapoutier, M.S.A.	L'Hermitage	2,982
Chartreuse Diffusion	Cedex	1,877
Chateau De La Gardine	Vaucluse	12,504
Chateau de la Tuilerie	Nimes	110
Chauvenet, F.	Cote D'Or	2,036
Cognac Otard S.A.	Cognac	5,159
Cointreau	Cedex	12,786
Courvoisier International	Jarnac	30,216
Cruse & Fils Freres	Cedex	8,921
De Navilly, F.	Cedex	1,741
De Neuville	Cedex	10,567
Distillerie Dolfie	Lingolsheim	3,501
Domaine Du Bosc	Narbonne	784
Domaine De La Vallonque	Eygalieres	5,262
Dopff	Riquewihr	556
Dourthe Freres	Blanquefort	5,228
Drouhin, Joseph	Beaune	8,384
E. Remy Martin & Co. S.A.	Cedex	42,934
Eschenauer, Louis	Cedex	30,768
Establissements Noilly Prat	Cedex	5,365
G.F.A. Du Mas Sainte-Berthe	Les Baux de Provence	1,658
Gaston De Lagrange S.A.	Saint Ouen	4,343
Gilbey De Loudenne S. A.	Lesparre	11,183
Giraud, Robert S. A.	Girande	24,480
Heidsieck Henroit, Charles S.A.	Cedex	18,587
Hennessy, James & Company	Cognac	27,863
Henri De Villamont	Savigny	7,856
Henri Laroche	Chablis	2,115
Henri Bouachion	Chateauneuf-du-Pape	19,083
Hugel Et Fils	Riquewihr	2,331
J. Roest Crollius	Benune	14,277
Jaboulet Maison, Isnard	L'Hermitage	3,179

Wines and Spirits Purchased — Continued

for the Year Ended March 31, 1988

Purchased from	Address	$
Jaffelin, Maison	Cedex	2,104
Jean Claude Boisset	Nuits - Saint - George	467
Kressman, Ed & Company	Cedex	129,041
Krug & Company	Cedex	3,971
La Compagnie Maisonneuve	Bordeaux	6,687
Laine, Jules & Company	Cognac	12,087
Lamblin & Fils	Chablis	11,678
Les Vins Georges Duboeuf	La Chapelle De Guinchay	7,257
Lichine, Alexis & Company	Bordeaux	25,931
Lupe-Cholet	Beaune	10,607
Mahler-Besse S. A.	Bordeaux	11,242
Maison Albert Bichot	Cedex	2,718
Maison Louis Latour	Cedex	3,005
Maison Prunier S.A.	Cedex	1,307
Maison Tarride Ledroit & Cie	Bordeaux	59,441
Maison, Sichel	Cedex	31,199
Marnier-Lapostolle	Paris	312,217
Martell & Co.	Cedex	1,939
Mau, Yvone & Fils	Gironde-Sur-Dropt	11,424
Moet & Chandon	Epernay	13,868
Mommessin, S. A.	Cedex	47,059
Moreau, J. et Fils	Chablis	12,078
Mousset, Louis S.A.	Orange	752
Mumm, G. H. & Cie	Cedex	78,930
O. Dupuy & Co.	Cedex	2,568
P. Thevenin	Cedex	731
Pasquier-Desvignes, S.A.	Soane	499
Piat Pere & Fils	La Chapelle De Guinchay	518,494
Producteurs Placmont	Riscle	7,949
Raynal & Cie	Cognac	4,521
Remy — Pannier	Cedex	30,252
Rodet, Antonin	Mercurey	13,260
Roedere, Louis Champagne S. A.	Cedex	5,012
Roger, Champagne Pol	Cedex	16,590
Roger, Joanne	Carignan	4,320
S.E.G.M. Dubonnet International	Paris	37,719
S.E.M.A.V.	Bordeaux	13,235
Sainte Odile	Obernai	837
Sapin, Paul	Belleville	6,671
Sauvion & Fils	Vallet	4,630
Schroder & Schyler & Cie	Cedex	19,694
Societe Cooperative Vinicole	Haut-Rhin	3,613
Societe St. Raphael	Paris	1,065
Somacvins	Lespignan	7,533
Subileau, Antoine	Vallet	4,533
Thorin S.A.	La Chapelle De Guinchay	4,623
Turpin Freres & Riout	Bordeaux	4,645
Union Des Vignerons Des Cotes	Tulette	3,351
Vernaux, Moemie	Cedex	7,956

Wines and Spirits Purchased — Continued

for the Year Ended March 31, 1988

Purchased from	Address	$
Veuve-clicquot-Ponsardin, S. A.	Cedex	10,795
Vintex	Bordeaux	3,204
Wolfberger	Colmar Alsace	196
		$2,200,323
Germany		
Arthur Hallgarten GMBH	Bingen/Rhein	469
Asbach & Company	Rudesheim	3,171
Balthasar Ress K.G.	Hattenheim/Rheingau	14,028
Black Tower	Bingen/Rhein	53,558
Carl Littlman	Oppenheim	3,245
Clusserath, Math. Jos	Mehring/Mosel	777
Deinhard & Company, K.G.A.A.	Koblenz	51,724
Doornkaat	Norden	685
Dortmunder Union Schultheiss-Brauerei, AG	Rheinische Strasse	6,465
Drathen, Ewarld Theod. K.G.	Mosel	2,291
Dujardin & Company	Rhine	1,538
Emil Hammel & Cie	Kirchem/Weinstr	6,214
Export Union	Nieder Olm	7,450
Guntrum, Louis Weinkellerei	Rheinalle	24,532
Hegemann & Co. GMBH	Liewen/Mosel	3,978
Henkell & Company	Weisbaden	50,805
I. Kespelher	Heidenrod 6	1,400
I.B. Berentzen	Haselunne	1,849
Keller-Geister-Kellerei Hannese & Co. KG	Briedern-Mesenich/Mosel	6,206
Kellereien F. W. Langguth Erben GmBH & Co. K.G.	Traben-Trarbach/Mosel	10,607
Kendermann, Hermann G.M.B.H.	Bingen/Rhein	6,633
Kloster Kellerei Bingen G.M.B.H.	Bingen/Rhein	2,493
Klosterhof	Bermersheim V.D.H.	1,003
Konig & Schlichte	Steinhagen	609
Krombacher Brauerei	Kreuztal-Krombach	51,658
Langenbach & Co. G.M.B.H.	Worms	4,790
Lorch Weinkellerei, Weingut	Weinstrasse	7,331
Mo. Rhe Na GMBH	Traben-Trarbach	12,038
Muller, Rudolf G.M.B.H. & Co. KG	Reil/Mosel	9,028
Nordhaus GMBH	Wilhelmstr	5,424
Pieroth, Ferdinand Weingut-Weinkellerei	Rhein	10,267
Racke, A.	Mainz/Rhein	58,266
Reh, Franz & Sohn G.M.B.H. K.G.	Leiwen/Mosel	5,165
Rheinberg Kellerei G.M.B.H.	Bingen Am Rhein	79,058
Riemerschmid, Anton	Munchen	7,167
Rudesheimer Weinkellerei	Rudesheim Amshein	1,055
Schlink, Gunther, KG	Bad Kreuznach	1,551
Schmitt'sches, Gustav Adolf Weingut	Nierstein Am Rhein	57,434
Schneider, Michel Nachf	Zell-Merl/Mosel	10,495

Wines and Spirits Purchased — Continued

for the Year Ended March 31, 1988

Purchased from	Address	$
Scholl & Hillebrand	Geisemheimerstr	1,922
Sichel, Sohne, H. G.M.B.H.	Alzey	78,058
Sohnlein Rheingold	Wiesbaden	879
St. Johanner Weinkellerei	St. Johann	13,166
St. Ursula	Bingen	24,458
Steinman Reben GMBH	Sommerhausen	98
Valckenberg, P. J.	Worms	2,690
Weinkellerei Wallersheim	Koblenz Rhein	5,091
Zentralkellerei Badisher	Koblenz	2,886
		$711,705
Greece		
Achaia-Clauss Wine Company Limited	Patras	17,372
Boutari, John & Son S.A.	Thessaloniki	4,255
Courtakis	Athens	23,837
Metaxa, S. & E. & A. Distilleries S.A.	Athens	12,002
Societe Hellenique S.A.	Athens	1,142
		$58,608
Holland		
Bols Nederland B.V.	Amsterdam	32,877
Verbrent	Nederland	9,522
		$42,399
Hungary		
Egervin	Szechenyi	4,948
Monimpex	Budapest	55,927
		$60,875
Ireland		
Bailey, R & A & Co. Ltd.	Dublin	334,912
Bushmills Distillery, The Old	Northern Ireland	5,671
Carolan, T. J. & Son Ltd.	Tipperary	27,092
Irish Mist Liqueur Co. Ltd., The	Tullamore	8,065
O'Darby, J. J. Limited	Douglas Cork	43,088
		$418,828
Italy		
Agricola Alegrini	Verona	1,995
Alois Lageder	Bozen	193
Anselmi	L'Alpone	170
Azienda Agricola		874
Azienda Vinicola Rivera SP	Andria	3,733
Azienda Vitivinicola Franco (Castelcos)	Pordenone	793
Barberani	Orvieto	750
Bersano, Antico Podere	Asti	767
Buton, Gio & C.S.P.A.	Bologna	277
Cantina Sociale Colli Albani	Roma	54,069
Cantina Terre Del Barola	Pie Monte	1,826
Cantine Giorgio Lungarotti, S.P.A.	Perugia	6,278

Wines and Spirits Purchased — Continued

for the Year Ended March 31, 1988

Purchased from	Address	$
Casa Vinicola Barone Ricasoli	Firenze	3,642
Casa Vinicola Duca Salaparuta	Palermo	2,478
Casa Vinicola Afredo Prunotto	Cuneo	112
Castello Di Volpaia	Siena	2,092
Cav. G.B. Bertani SPA	Verona	1,784
Chianti Melini S.P.A.	Pastrengo, Verona	2,967
Chiarli — 1860 (S.R.L.Pr.I.V.I.)	Modena	13,362
Cierrevi, S.R.I.	Forli	9,190
Collavini	Corno Di Prusuzzo	821
Consorzio Produttori Vini Di Velletri	Bingen/Rhein	3,502
Diego, Rallo & Figli	Marsala	1,355
Distillerie Stock S.P.A.	Trieste	4,160
Fabat S.P.A.	Roma	8,703
Fontanafredda	Torino	11,713
Fraelli Pasqua Societa Per Azioni	Verona	3,354
Frescobaldi, Marchesi, De	Florence	37,850
Gancia, F.LLI&C. Savas Ind. SPA	Torino	22,353
Girolamo Luxardo, S.P.A.	Dante-Padova	24,296
Gruppo Italinao Vini S.P.A.	Verona	112,016
I.L.L.V.A. Saronno S.P.A.	Saronno	33,084
Marchesi L.EP. Antinori	Florence	22,863
Marrgherita, S. S.P.A.	Venice	5,403
Martini & Rossi, I.V.L.A.S.	Torino	52,015
Pio Cesare	Alba	3,022
Premiovini S.P.A.	Brescia	2,098
Ramazzoti S.P.A.	Milan	770
Ruffino, I.L.	Brescia	34,232
S.V.I.P.	Verona	15,111
Salvalai Allessandro & C.S.P.A.	Brescia	1,487
Schlosskellerei Turmhof	Schlossweg	2,974
Tenuta Di Coltibuono SRL	Siena	861
Villa Banfi, S.P.A.	Rome	230,893
Zonin S.P.A.	Gambellara	1,155
		$743,443
Japan		
Gekkeikan Sake Company Ltd.	Kyoto	11,832
Hakutsuru Sake Brewing Co. Ltd.	Kobe	2,550
Suntory Limited	Tokyo	9,800
		$24,182
Mexico		
Martini & Rossi De Mexico	Tacula	5,881
Tequila Sauza S.A. De C.V.	Jalisco	51,386
		$57,267
Portugal		
C. Da Silva (Vinhos) Sarl	Vila Nova de Gaia	3,084
Caves Aliance Vinicola	Codex	11,770
Dom Silvano (Vinhos) LDA	Valadares	302

Wines and Spirits Purchased — Continued

for the Year Ended March 31, 1988

Purchased from	Address	$
Fonseca, J. J., Da	Lisboa	7,550
Henriques & Henriques, LDA	Madiera	3,528
Serra, J. & Sons Ltd.	Lisboa	4,487
Sogrape Sociedade Commerical Dos Vinho De Mesa De Portugal, S.A.R.L.	Porto	94,933
Vinicola Do Vale Do Dao LDA	Porto	3,034
		$128,688
Scotland		
Ballantine, George & Son Ltd.	Dumbarton	153,685
Bass Export Limited	Glasgow	10,705
Begg, John Limited	Glasgow	3,480
Bell, Arthur & Sons Limited	Perth	11,955
Chivas Brothers Limited	Paisley	57,437
Crabbie, John & Company Ltd.	Edinburgh	790
Dawson, Peter Ltd.	Glasgow	7,057
Dewar, John & Sons Limited	Perth	14,588
Drambuie Liqueur Co. Ltd., The	Edinburgh	116,267
Gibsen Scotch Dist. Ltd.	Edinburgh	5,053
Glayva International Ltd.	Edinburgh	2,809
Glenlivet Whisky Co. Ltd., The	Edinburgh	13,946
Grant, William & Sons Limited	Glasgow	32,316
Haig, John & Company Limited	Markinch	26,165
Hill Thomson & Company Ltd.	Edinburgh	19,782
Inver House Distillers Ltd.	Lanarkshire	6,525
James and George Stodart	Dumbarton	12,955
Lauder, Archibald & Co.	Dumbarton	15,424
MacDonald & Muir Ltd.	Edinburgh	4,941
MacNish, Robert & Co. Ltd.	Dumbarton	34,258
Matthew Gloag	Perth	9,208
McCallum, D. & J. Limited	Edinburgh	11,924
Ronald Morrison & Co.	Edinburgh	12,510
Scottish & Newcastle Breweries	Edinburgh	15,205
Stewart, J. & G. Ltd.	Edinburgh	57,442
Teacher, Wm. & Sons Ltd.	Glasgow	62,586
Walker, Hiram & Sons — Scotland	Dumbarton	7,569
Whyte & MacKay Distillers Ltd.	Glasgow	4,700
		$731,282
Spain		
Age Bodgeas Unidas, S.A.	Fuenmayer	3,504
Al Vear, S.A.	Montilla	1,797
Bodegas Cenalsa	Pamploma	10,995
Bodegas Faustino Martinez	Alava	1,794
Bodegas J. Sarda S.A.	Castellbisbal	168
Bodegas Marques De Caceres	Rioja, Alta	5,028
Bodegas Montecillo S.A.	Cadiz	4,080
Bodegas Montelorca, S.A.	Logrono	4,305
Bodegas Montaner S.A.	Barcelona	645

Wines and Spirits Purchased — Continued

for the Year Ended March 31, 1988

Purchased from	Address	$
Bodegas Rioja Santyago, S.A.	Rioja	5,308
Bodegas Velazques, S.A.	Rioja	1,610
Codorniu, S.A.	Barcelona	30,308
De Muller S.A.	Tarragona	5,907
Emilio Lustau	Jerez	3,043
Freixenet, S.A.	Barcelona	37,994
Gonzalez Byass S.A.	Jerez De La Frontera	17,579
Gordon, Duff & Company S.A.	Cadiz	1,527
Pedro Domecq S.A.	Jerez De La Frontera	7,464
Rittos Irmaos LDA	Madrid	1,155
Sandeman, The House of	Cadiz	2,947
Torres, Miguel	Barcelona	11,158
Vinicola Rondel S.A.	Barcelona	183
Vinos Blancos De Castilla, S.A.	Madrid	1,084
Vinos De Los Herederos Del	Madrid	1,007
Williams & Humbert Limited	Cadiz	6,788
		$167,378
Switzerland		
Babero BWS Wine & Spirits	Lugano	21,302
Domaine du Chateau Pigoudet	Cham	1,877
Marmot Kellerei	Schweiz Suisse	523
		$23,702
United States		
Andrew Quady	Madera, California	1,645
Angelo Papagni	Madera, California	7,521
Arcerio Winery	Paso Robles, California	378
Associated Importers Inc.	Detroit, Michigan	493,952
Beaulieu Vineyard	Rutherford, California	9
Buena Vista Winery	Sonoma, California	1,676
Brown-Forman International Limited	Louisville, Kentucky	54,795
Cakebread	Rutherford, California	14
Canandaigua Wine Company	Canandaiqua, New York	16,536
Christian Bros. Sales Co.	St. Helena, California	4,181
Clos Di Val Wine Company Ltd.	Napa, California	7
Creston Manor Vineyards	Creston, California	8
Domaine Chandon	Yountville, California	320
Federal Distillers Inc.	Cambridge, Massachusetts	56,835
Franciscan Vineyards	Napa Valley, California	414
Galliano International	New York, New York	7,156
Gallo, E. & J. Winery	Modesta, California	161,098
Glenmore Distilleries Company	Louisville, Kentucky	8,362
Guild Wineries & Distilleries	Pittsburg, P.A.	14,547
Heitz Wine Cellars	St. Helena, California	4,283
Heublein International Sales Corp.	New York, New York	19,798
Inbek	San Antonio, Texas	26,743
James Beam Distilling Company	Chicago, Illinois	1,561
Jekel Vineyard	Greenfield, California	1,369

Wines and Spirits Purchased — Concluded

for the Year Ended March 31, 1988

Purchased from	Address	$
Korbel	Guerreville, California	804
Lohr	San Jose, California	1,006
Maker's Mark Distillery Inc.	Louisville, Kentucky	220
Mark West Vineyards	Forestville, California	609
Mirassou Sales Co.	San Jose, California	7,496
Mondavi, Robert Winery	Oakville, California	14,429
Premium Port Wines	Vineburg, California	17,034
Ridge Vineyards, Inc.	Cupertino, California	2,126
Rutherford Vintners	Rutherford, California	1,692
Stag's Leap Winery	Napa, California	1,410
Stevenot	Murphys, California	792
Taylor California Cellars	New York, New York	5,947
Vintners International Company Inc.	Gonzales, California	1,769
Wine Group, The	Ripon, California	3,775
		$942,317
Other		
AB Vin & Spritcentralen	Stockholm, Sweden	13,180
Agros, Exporters	Warsaw, Poland	25,440
Alko AB	Helsinki, Finland	12,836
China Nat. Cereals, Oils & Foodstuffs	Nangang Dist. Harbin, China	556
Huhtamaki Oy Marli	Turku, Finland	650
International Dist. of Israel Ltd.	Tel Aviv, Israel	1,361
J Wray & Nephew Ltd.	Kingston, Jamaica	6,741
Navip, Wine & Spirit Exporters	Zemun, Yugoslavia	5,803
Slovin	Ljubljana, Yugoslavia	14,422
Societe Co-operative	Bishon-Le-Zion, Israel	6,570
V/O "Sojuzplodo Import"	Moscow, U.S.S.R.	48,875
Vinimpex	Sofia, Bulgaria	36,360
		$172,794

Purchased from Other Liquor Boards:

	Purchases	Sales	Net Purchases
Alberta Liquor Control Board	$ 30,503	$ 2,641	$ 27,862
British Columbia Liquor Control Board	9,398	10,444	−1,046
Manitoba Liquor Control Commission	39,509	38,461	1,048
Newfoundland Liquor Corporation	2,899		2,899
Liquor Control Board of Ontario	5,081		5,081
Quebec Liquor Corporation		452	−452
Northwest Territories Liquor Control System			
	$87,390	$51,998	$ 35,392

Total Wine and Spirits Purchased $32,821,064

Beer Purchased for the Year Ended March 31, 1988

		$
Saskatchewan		
Carling O'Keefe Brewery Ltd.	Regina	20,185,595
Labatt's Saskatchewan Brewery Ltd.	Saskatoon	32,580,876
Molson Saskatchewan Brewery Ltd.	Regina	33,791,086
		86,557,557
Canada		
Amigo Imports	Vancouver, B.C.	7,583
Imported Beer Company, The	Mississauga, Ontario	120
Imported Beer Company, The	St. Albert, Alberta	4,676
Labatt's Ontario Breweries	Weston, Ontario	12,309
Molson Brewery, B.C. Ltd.	Vancouver, B.C.	11,590
Molson Ontario Breweries Ltd.	Toronto, Ontario	473
Molson Saskatchewan Brewery Ltd.	Regina, Saskatchewan	1,466
Sicks' Lethbridge Brewery Ltd.	Lethbridge, Alberta	18,741
		56,958
Europe		
Brauerei Beck GMBH & Co.	Bremen, West Germany	16,728
Groesche Bierbrouwerig N.V.	Enschede, Netherlands	14,171
Heineken Brouwerijen B.V.	Rotterdam, Holland	45,650
Kronenbourg, Brasseries	Cedex, France	3,675
Tuborg International	Copenhagen, Denmark	19,655
United Dutch Breweries	Rotterdam, Holland	713
Warsteiner Brauerei	Warstein, West Germany	32,780
		133,372
United States		
Heileman, G. Brewing Co. Inc.	La Crosse, Wisconsin	5,400
Morelli's Distributing Inc.	Minot, North Dakota	7,574
Stroh Brewery Company, The	Detroit, Michigan	8,948
		21,922
Other		
New Zealand Breweries Ltd.	Auckland, New Zealand	14,131
Carlton and United Breweries	Melbourne, Australia	13,502
		27,633
Total Beer Purchased		$86,797,442

NOTE: Beer purchased from Saskatchewan brewers includes Federal Sales and excise taxes and is purchased F.O.B. the retail outlet.

Five Year Financial Review

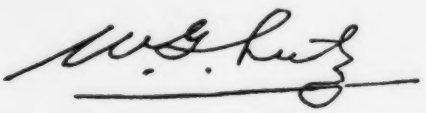
Sales	1983/84 ($000's)	1984/85 ($000's)	1985/86 ($000's)	1986/87 ($000's)	1987/88 ($000's)
Spirits					
Canadian	123,723	122,761	124,997	123,588	126,554
Imported	18,921	19,325	19,445	18,690	18,551
	142,644	142,086	144,442	142,278	145,105
Wines and Ciders					
Canadian	13,178	13,712	14,295	16,310	17,564
Imported	11,186	11,771	12,392	12,956	13,168
	24,364	25,483	26,687	29,266	30,732
Beer, Ale and Stout					
Canadian	109,777	121,960	125,706	130,176	133,022
Imported	754	710	715	994	1,180
	110,531	122,670	126,421	131,170	134,202
Total Sales					
Canadian	246,678	258,433	264,998	270,074	277,140
Imported	30,861	31,806	32,552	32,640	32,899
	277,539	290,239	297,550	302,714	310,039
Cost of Sales	148,024	156,750	161,065	163,769	166,868
Gross Profit	129,515	133,489	136,485	138,945	143,171
Operating Expenses	22,242	25,047	23,836	24,023	24,100
Operating Income	107,273	108,442	112,649	114,922	119,071
Payment to Minister of Finance	79,000	71,000	84,000	140,000	–
Retained Earnings	75,634	116,864	149,436	127,909	251,051

Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan:

I have examined the balance sheet of the Saskatchewan Liquor Board as at March 31, 1988 and the statements of income and retained earnings and cash flows for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan
May 26, 1988

W. G. Lutz, F.C.A.,
Provincial Auditor.

Statement 1 — Balance Sheet as at March 31

	1988 ($000's)	1987 ($000's)
Assets		
Current		
Cash and short-term investments, at cost which approximates market	$ 16,693	$ 16,079
Accounts receivable and Prepaid expense	764	481
Inventory	13,719	14,265
Total Current Assets	31,176	30,825
Due from Consolidated Fund (Note 4)	213,800	91,800
Fixed		
Buildings, sites and equipment (Note 3)	17,878	18,681
	$262,854	$141,306
Liabilities and Equity		
Current		
Accounts Payable	$ 6,487	$ 9,614
Due to Liquor Licensing Commission	1,347	572
Total Current Liabilities	7,834	10,186
Pension costs payable (Note 6)	3,969	3,211
Equity		
Retained earnings (Statement 2)	251,051	127,909
	$262,854	$141,306

(see accompanying notes)

Statement 2 — Statement of Income and Retained Earnings for the year ended March 31

	1988	1987
	($000's)	($000's)
Total Sales (Note 7 & 8)	$310,039	$302,714
Cost of Sales (Schedule 1)	166,868	163,769
Gross Profit	143,171	138,945
Operating expenses (Schedule 2)	24,100	24,023
Operating income	119,071	114,922
Other income (Schedule 3)	4,071	3,551
Net Income for the year	123,142	118,473
Retained earnings, beginning of year	127,909	149,436
	251,051	267,909
Payments to Minister of Finance (Note 5)		140,000
Retained earnings, end of year (Statement 1)	$251,051	$127,909

(see accompanying notes)

Statement 3 — Statement of Cash Flows for the year ended March 31

	1988	1987
	($000's)	($000's)
Cash Provided By (Used In) Operating Activities		
Income from Operations	$123,142	$118,473
Add charges to operations not requiring a current cash payment		
— Depreciation	1,299	1,273
— (Gain)/loss on sale of building, sites and equipment	(25)	(28)
— Additions to Pension Costs Payable	758	614
	125,174	120,332
Net change in non-cash working capital balances related to operations.*	(2,089)	(1,644)
Cash Provided by Operating Activities	123,085	118,688
Cash Provided By (Used In) Investment Activities		
Additions to buildings, sites and equipment	(516)	(871)
Proceeds from disposal of buildings, sites and equipment	45	162
Cash Used in Investment Activities	(471)	(709)
Cash used in transfer payments		
(Additions) Reductions in Due from Consolidated Fund	(122,000)	34,000
Payments to Minister of Finance	—	(140,000)
Cash used in transfer payments	(122,000)	(106,000)
Net Increase (Decrease) in Cash during year	614	11,979
Cash Position at Beginning of Year	16,079	4,100
Cash Position at End of Year	$ 16,693	$ 16,079
Cash position comprises cash, (bank overdraft) and short-term investments		
*Accounts Receivable	(283)	9
Inventory	546	180
Accounts Payable	(3,127)	(1,871)
Due to Liquor Licensing Commission	775	38
	$ (2,089)	$ (1,644)

(see accompanying notes)

Notes to Financial Statement March 31, 1988

1. Accounting Policy

(a) Inventory

Inventory which consists of wines, spirits and beer is valued at cost which does not exceed net realizable value.

(b) Buildings, Sites, and Equipment

Buildings, sites and equipment are stated at cost less accumulated depreciation. Depreciation is recorded on a straight-line basis at rates designed to amortize the cost of fixed assets over their estimated useful lives. Depreciation rates are as follows:

Buildings — 2½%, 5%
Equipment — 15% - 33%
Leashold improvements — term of lease

(c) Pension Plans

Presently, the Board is participating in two pension plans. One is the Public Employees' (Government Contributory) Superannuation Plan. It is a cost based pension plan and all pension costs which are charged to operations are equivalent to the amount provided for funding. The other plan, the Liquor Board Superannuation Plan, is a benefit based plan and accordingly the Board has with the recommendation from its Actuary established the following policies: Current service costs are charged to operations. Past service costs arising from modification of the benefits payable under the plan or adjustments in the pension cost calculations brought about by an actuarial evaluation are charged to operations over the future working period of the present members of the plan, not to exceed 15 years. Any differences between amounts charged to operations and amounts provided for funding is shown as a liability or deferred charge.

2. Authority

The Saskatchewan Liquor Board operates under the authority of The Liquor Act, Chapter L-18, Revised Statutes of Saskatchewan 1978.

3. Buildings, Sites and Equipment

		1988		1987
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
	($000's)	($000's)	($000's)	($000's)
Sites	$ 2,101	$ —	$ 2,101	$ 2,105
Buildings	17,444	3,796	13,648	13,994
Furniture and equipment	4,673	2,832	1,841	2,202
Leasehold improvements	1,032	744	288	380
	$25,250	$7,372	$17,878	$18,681

4. Due From Consolidated Fund

This amount represents funds deposited to the credit of the Liquor Board in the Consolidated Fund of the Province within the provisions of Section 209 of The Liquor Act and Section 16 of The Department of Finance Act, 1983 and Treasury Board Regulations. This amount, which is non-interest bearing, may be reduced as decisions are made by Treasury Board concerning the disposition of profits under Section 212 of The Liquor Act.

5. Payments to Minister of Finance

Retained Earnings are paid over to the Minister of Finance for the Consolidated Fund at the direction of the Treasury Board pursuant to Section 212 of The Liquor Act.

6. Pension Plan

In accordance with the Canadian Institute of Chartered Accountants' recommendations on accounting for pension costs and obligations, the Board determines the cost of sponsoring its portion of the Liquor Board Superannuation Plan by the accrued benefit method.

Pension plan assets are valued at market-related values. Adjustments arising from changes in assumptions and experience gains and losses are amortized on a straight-line basis over the expected average remaining service life of the plan participants.

An actuarial valuation as at December 31, 1986 established an accrual basis unfunded liability of $13,300,000, consisting of the actuarial present value of accrued pension benefits attributed to services rendered of $24,900,000 less the value of superannuation fund assets of $11,600,000. The Board's share of the unfunded liability is $12,400,000.

For several years, the Board has provided for the unfunded liability by a charge against earnings of an amount in excess of that funded. The cumulative difference of $3,968,862 between the provision for pension costs and funding contributions is shown as pension costs payable.

The provision for pension costs and funding contributions are as follows:

	1988	1987
Pension Costs:		
Current service	$ 89,306	$ 466,357
Amortization of unfunded liability	1,589,107	1,098,459
Total Cost	1,678,413	1,564,816
Funding contributions	920,197	950,844
Excess of costs over funding, added to pension costs payable	$ 758,216	$ 613,972

7. Beer Sales and Costs of Sales

The beer sales and cost of sales amounts are stated net of bottle deposits. The bottle deposit for 1988 amounted to $18,334,827 (1987 — $18,753,358.)

8. Sales

Total sales are comprised of the following:

	1988 ($000's)	1987 ($000's)
Wines and Spirits		
— in stores:		
— to licensees	$ 21,841	$ 20,422
— to public	125,644	123,152
	$147,485	$143,574
— to special vendors:		
— to licensees	$ 7,209	$ 7,328
— to public	22,323	21,636
	$ 29,532	$ 28,964
	$177,017	$172,538
Beer		
— to licensees	$82,035	$80,886
— in stores	48,741	47,178
— to special vendors	2,246	2,112
	$133,022	$130,176
	$310,039	$302,714

9. Enforcement Expenses

A Treasury Board regulation issued pursuant to Section 211 of The Liquor Act authorized the payment by the Liquor Board of certain expenses relative to the enforcement of provisions of The Liquor Act.

As a result, the year ended March 31, includes the following expenses:

	1988 ($000's)	1987 ($000's)
Department of Urban Affairs	$1,000	$1,000
Department of Justice	1,973	2,000
	$2,973	$3,000

10. Related Parties

Included in these financial statements are expenses resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan crown controlled departments, agencies and corporations with which the Board is related.

Account balances resulting from these transactions are included in the balance sheet and are settled on normal trade terms. Other amounts due to (from) related parties and the terms of settlement are described separately in the Financial Statement and the notes thereto.

Schedule 1 — Cost of Sales for the Year Ended March 31

	1988 ($000's)	1987 ($000's)
Inventory, beginning of year	$ 14,265	$ 14,445
Net Purchases	119,338	117,249
Freight	4,233	4,409
Duty and excise tax	42,751	41,931
	180,587	178,034
Less inventory, end of year	13,719	14,265
	$166,868	$163,769

(see accompanying notes)

Schedule 2 — Operating Expenses for the Year Ended March 31

	1988 ($000's)	1987 ($000's)
Audit fees	$ 52	$ 49
Bank service charges	95	90
Breakages	123	146
Building operation	273	270
Communications	319	274
Customer service programs	65	57
Data processing	193	387
Depreciation on buildings	562	555
Enforcement expense (Note 9)	2,973	3,000
Equipment maintenance and depreciation	1,057	1,067
Grants in lieu of taxes	863	863
Insurance	89	80
Pension Costs	1,905	1,787
Rent and utilities	1,863	1,752
Salaries, wages and fringe benefits	12,428	12,559
Stationery and supplies	601	575
Sundry	428	287
Travel and vehicle	211	225
	$24,100	$24,023

(see accompanying notes)

Schedule 3 — Other Income for the Year Ended March 31

	1988 ($000's)	1987 ($000's)
Interest	$2,577	$2,189
Permit	608	619
Sundry	886	743
	$4,071	$3,551

(see accompanying notes)